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Senate passes Renew Michigan plan; adds another piece to economic recovery puzzle

Plan calls for reduced business taxes and restraint in government spending growth

LANSING – Sending a clear signal that lower business taxes and restraint in government spending growth are key to getting Michigan’s economy back on track, the state Senate today passed the Renew Michigan plan, announced Sen. Ron Jelinek, R-Three Oaks.

“This limits the amount of growth in state government,” Jelinek said. “With this limit we can afford to encourage job providers and our Budget Stabilization Fund to grow.”

Renew Michigan calls for cutting business taxes by at least \$1 billion during the next six years, starting with a \$100 million reduction in 2006. It also restrains government spending growth to the rate of inflation plus 1 percent. In addition, the plan sets the stage for an additional \$1.4 billion in business-tax cuts and automatic deposits in the state’s “rainy day fund.”

“It’s very clear that if we are going to bring Michigan out of this economic slump we have to take action,” said Senate Majority Leader Ken Sikkema, R-Wyoming. “The biggest risk of all is to just sit here and watch this state hemorrhage jobs as employers look elsewhere to invest.”

Senators noted that if the Renew Michigan plan had been in place in the mid-1990s, it would have triggered \$850 million in additional business-tax cuts and \$450 million in deposits to the state’s rainy day fund. Jelinek also stated the restraint on state government spending growth is a key component of using tax cuts to stimulate the economy.

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